

2008 Expenditure of \$8 Million Shortage Reparation Funds

Location	Facility	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Phoenix AMA	Tonopah Desert	2,422	5,126	12,000	10,452	0	0	0	0	0	30,000
	Cost	\$142,898	\$302,434	\$708,000	\$616,668	\$0	\$0	\$0	\$0	\$0	\$1,770,000
Pinal AMA	CAIDD	0	0	0	5,000	5,000	5,000	5,000	0	0	20,000
	Cost	\$0	\$0	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0	\$400,000
	MSIDD	0	0	0	0	3,400	3,400	0	0	0	6,800
	Cost	\$0	\$0	\$0	\$0	\$68,000	\$68,000	\$0	\$0	\$0	\$136,000
Total Monthly Deliveries (AF)		2,422	5,126	12,000	15,452	8,400	8,400	5,000	0	0	56,800
Total Monthly Costs		\$142,898	\$302,434	\$708,000	\$716,668	\$168,000	\$168,000	\$100,000	\$0	\$0	\$2,306,000

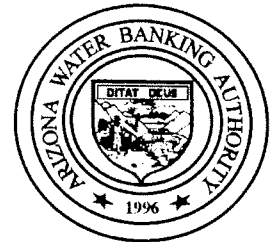
Planned		
Year	Deliveries (AF)	Expenditures
2009	35,769	\$2,084,711
2010	51,059	\$3,609,289
Total	143,628	\$8,000,000

Arizona Water Banking Authority

3550 N. Central Avenue, Phoenix, Arizona 85012

Telephone 602-771-8487

Fax 602-771-8685



May 8, 2008

Ms. Kay Brothers
Deputy General Manager
Southern Nevada Water Authority
1001 South Valley View Blvd.
Las Vegas, NV 89153

AUTHORITY MEMBERS

Herbert R. Guenther, Chairman
Maureen R. George, Vice-Chairman
Tom Buschatzke, Secretary

John Mawhinney

Gayle J. Burns

EX OFFICIO MEMBERS

Honorable Jake Flake

Honorable Lucy Mason

RE: Request for Partial Payment of Shortage Mitigation Monies

Dear Ms. Brothers:

As you know, under Section 5 of the Arizona-Nevada Shortage-Sharing Agreement (Agreement), Nevada agreed to provide the Arizona Water Banking Authority (AWBA) the sum of \$8 million for the purpose of assisting Arizona in offsetting impacts from shortages that may occur during the Interim Period. Earlier this year, at the AWBA's request, the AWBA and the Southern Nevada Water Authority (SNWA) agreed to a delay in payment of these funds so that alternatives for a payment schedule could be discussed.

The AWBA's preference is to receive the funds in partial payments. These payments would be based on water storage costs associated with the amount of water the AWBA plans to store annually for shortage mitigation purposes as identified in its Plan of Operation (Plan). The AWBA is currently in the process of amending its 2008 Plan to include water storage deliveries for shortage mitigation purposes. At this time, the AWBA plans to expend a total of \$2,306,000 for shortage mitigation. This would be the amount of the first partial payment leaving a balance of \$5,694,000.

In the future, the AWBA will notify SNWA in December of the partial payment required for the next year based on planned expenditures in its approved Plan. However, as water availability changes throughout the year, additional funds may be requested in a given year to take advantage of additional water storage opportunities that may become available to the AWBA. The AWBA will invoice SNWA until the sum of \$8 million is received.

Based on conversations with SNWA staff, this invoicing procedure appears to be acceptable to both parties. Please provide a written response indicating your acceptance of this payment method. In anticipation of your approval, an invoice has been enclosed for the estimated 2008 expenditures.

If you have any questions please do not hesitate to call me at (602) 771-8490.

Sincerely,

A handwritten signature in cursive script that reads "Kim Mitchell".

Kim Mitchell, Manager

Enclosure

cc: William E. Rinne, SNWA, Director Surface Water Resource Department



SOUTHERN NEVADA WATER AUTHORITY

1001 South Valley View Boulevard • Las Vegas, NV 89153
(702) 258-3939 • snwa.com

May 27, 2008

Ms. Kim Mitchell
Manager
Arizona Water Banking Authority
3550 N. Central Avenue
Phoenix, AZ 85012

SUBJECT: Request for Partial Payment of Shortage Mitigation Monies

Dear Ms. Mitchell:

Thank you for your letter of May 8, 2008 proposing the preferred method of payment of the \$8 million to assist Arizona in offsetting the impacts of shortages, as outlined in the February 2007 Arizona-Nevada Shortage-Sharing Agreement.

We are agreeable to your proposed payment method and to receiving notification in December regarding the next year's partial payment due. In addition, we understand the Arizona Water Banking Authority (AWBA) may want to take advantage of unforeseen storage opportunities arising throughout the year and could request additional funds above that requested in the initial partial payment. We understand the AWBA will request funds under the above referenced circumstances until the sum of \$8 million is received.

Invoice number 2123-08-01 for the partial payment of \$2,306,000 is currently being processed for electronic transfer of funds to AWBA leaving a remaining balance to be paid of \$5,694,000.

As always, we look forward to working with you. If you have any questions, please don't hesitate to contact me directly at (702) 826-3708.

Sincerely,

Kay Brothers
Deputy General Manager
Engineering and Operations

KB/df
Enclosure